

Errata Sheet - Open Meeting - Jan. 6, 2000

pg. 2, line 4 - Change and to an
 pg. 2, line 9 - change Harvil to Harvill
 pg. 2, line 16 - delete concerns
 pg. 17, line 17 - change serious to seriously
 pg. 20, line 8 - insert that
 pg. 22, line 14 - change is to was
 pg. 31, line 4 - change Harvil to Harvill
 pg. 31, line 6 - change Harvil to Harvill
 pg. 31, line 16 - change Harvil to Harvill
 pg. 32, line 22 - change Harvil to Harvill
 pg. 33, line 6 - change is to are
 pg. 34, line 1 - change Harvil to Harvill
 pg. 40, line 8 - change Harvil to Harvill
 pg. 40, line 15 - change Harvil to Harvill
 pg. 40, line 20 - change Harvil to Harvill
 pg. 41, line 19 - change Harvil to Harvill
 pg. 42, line 3 - change Harvil to Harvill
 pg. 42, line 21 - change Harvil to Harvill
 pg. 54, line 18 - change Harvil to Harvill
 pg. 59, line 7 - change fair to fore
 pg. 64, line 13 - change Harvil to Harvill
 pg. 65, line 5 - change Harvil to Harvill
 pg. 65, line 8 - change Harvil to Harvill
 pg. 66, line 13 - change Harvil to Harvill
 pg. 67, line 11 - change Harvil to Harvill
 pg. 69, line 8 - change Harvil to Harvill
 pg. 70, line 2 - change Harvil to Harvill
 pg. 70, line 7 - change Harvil to Harvill
 pg. 70, line 9 - change Harvil to Harvill
 pg. 70, line 19 - change Harvil to Harvill
 pg. 71, line 7 - change Harvil to Harvill
 pg. 73, line 4 - change Harvil to Harvill
 pg. 75, line 19 - change Harvil to Harvill
 pg. 76, line 11 - change Harvil to Harvill
 pg. 81, line 20 - change Harvil to Harvill
 pg. 85, line 10 - insert it after completing
 pg. 86, line 1 - insert a "," after deterioration
 pg. 93, line 10 - insert in after them
 pg. 94, line 1 - change FCC to SEC
 pg. 96, line 13 - insert provide after to
 pg. 98, line 15 - insert you after want

OFFICIAL FILE
 I.C.C. DOCKET NO. 01-0423
 City City Exhibit No. 56
 Witness _____
 Date 11/13/01 Reporter [Signature]

1 BEFORE THE
 2 ILLINOIS COMMERCE COMMISSION
 3 IN THE MATTER OF:)
 4 Stage 1 Investigatoin of)
 5 Commonwealth Edison System)
 6 Outages for the Period of)
 7 July 30, 1999 to August 13,)
 8 1999.)

9 Chicago, Illinois
10 January 6, 2000
11
12 Met pursuant to notice at 1:30 p.m.
13
14 BEFORE:
15
16 CHAIRMAN RICHARD MATHIAS
17 COMMISSIONER RUTH KRETSCHMER
18 COMMISSIONER TERRY HARVIL
19 COMMISSIONER EDWARD HURLEY
20 COMMISSIONER RICHARD KOLHAUSER (Telephonically)
21
22 ALSO PRESENT:
23 Mr. Carl Croskey
24 Commonwealth Edison Company
25
26 SULLIVAN REPORTING COMPANY, by
27 Michael R. Urbanski, CSR

1

1 CHAIRMAN MATHIAS: This is a special open
2 meeting of the Illinois Commerce Commission which
3 has been called pursuant to the open meeting laws
4 of the State of Illinois and agenda for today's
5 meeting has been provided and the requisite notice
6 also has been established.
7
8 Present in Springfield is
9 Commissioner Kolhauser. Present in Chicago is
10 Commissioner Kretschmer, Commissioner Harvil,
11 Commissioner Hurley and myself, Commissioner
12 Mathias. We have a quorum therefore we will
begin.

13 This is the second of two meetings
14 we're having this week to discuss the reliability
15 concerns with regard to Commonwealth Edison
16 concerns relating to the transmission and
17 distribution system and the incidents which
18 occurred during the period this past summer
19 involving 13 days in July and August.

20 Yesterday we heard from the
21 consultant who was retained by the Illinois
22 Commerce Commission who was employed by Vantage

2

1 Consulting, Inc., who was retained, as I
2 mentioned, by the Commission to investigate the
3 incidents which occurred during this specific time
4 period this past summer.

5 We have asked representatives of
6 Commonwealth Edison to be here today to address
7 the issues which were raised in yesterday's
8 discussion and the Vantage report which was
9 released yesterday as well.

10 And we have with us today Mr. Carl
11 Croskey who is with Commonwealth Edison as the
12 person primarily responsible for the transmission
13 and distribution system.

14 We welcome you today and appreciate
15 your being here and would be interested in any

16 comments which you have.

17 MR. CARL CROSKEY: Okay. Thank you.

18 STATEMENT

19 BY

20 MR. CARL CROSKEY:

21 Good afternoon, Mr. Chairman,

22 fellow Commissioners.

3

1 As the chairman said, my name is
2 Carl Croskey, I am president of ComEd's
3 distribution group and am responsible for every
4 aspect of ComEd's transmission and distribution
5 system.

6 When I joined the company last
7 summer, specifically it was August 16th, our
8 company was in a time of crisis.

9 During the latter part of July and
10 August, as you know, from our -- from the report
11 we're going to be talking about today, there were
12 a series of interruptions on the company's
13 system.

14 As our chairman, John Rowe, made
15 clear several times, these interruptions are
16 unacceptable and embarrassing. Fundamental change
17 is necessary.

18 Commonwealth did respond swiftly.
19 The company undertook an unprecedented review of

20 our transmission and distribution system.
21 We inspected equipment, prioritized
22 areas for improvement and repair and deployed

4

1 crews to perform crucial work immediately.

2 In conducting the review, we drew
3 upon the expertise of industry, including EPRI,
4 the Electric Power Research Institute, ABB,
5 General Electric and Mercer Management
6 Consulting.

7 We also interacted with the
8 Commission, the City of Chicago and other groups.

9 On September 15th, ComEd issued
10 about a 400-page report regarding its
11 investigation.

12 The report focused on really five
13 areas of concern. And these five areas which all
14 needed an overhaul were organization and
15 management, maintenance practices, system
16 optimization and flexibility, equipment protection
17 and monitoring, and finally, load and capacity
18 relief.

19 On that same day, September 15, we
20 provided a similar-sized report to the City on an
21 update of our agreement with the City of Chicago.

22 In the months that followed, we

1 have been conducting and performing inspections,
2 maintenance and reinforcing our system
3 constantly.

4 We presented and filed reports to
5 the ICC staff on three different occasions:
6 October 18th, November 3rd, and November 22nd.

7 On December 15th, we issued and
8 presented both to the ICC staff again and the City
9 a consolidated progress report on our
10 investigation and implementation.

11 The Commission began its own
12 investigation of ComEd's system during that same
13 period.

14 The Vantage Consulting report which
15 I got Monday night was the Commission's auditor
16 and they are at the first stage of their
17 investigation.

18 This focused on last summer's
19 interruptions, as you said immediately beforehand
20 here, and that work also started in September.
21 And as I mentioned, we got the report Monday
22 night.

1 I reviewed this report and our
2 initial reaction is that many of the
3 recommendations are reasonable.

4 In fact, we have implemented the
5 programs and practices. Basically all 31
6 recommendations are currently in place or close to
7 it.

8 However, there are some other
9 findings that the Vantage report and our experts
10 disagree upon.

11 Now, let me turn to a discussion of
12 some of the Vantage recommendations and how a
13 number of our accomplishments over the past three
14 and a half months address those recommendations.

15 To assist with this discussion,
16 I'll refer you to our December 15th report. Each
17 one of you should have a copy of this in front of
18 you.

19 What I'd like to do before I get to
20 that is first talk about the management changes
21 and what I do have here today is a lineup of my
22 new group.

1 And what I'd like them to do is
2 each stand up, just tell you their name, what
3 they're responsible for and how long they have
4 been with the company.

5 I myself has been here since the
6 middle of August. So if we can just take a moment
7 and do that.

8 John, you want to start?

9 MR. JOHN HOOKER: You want to go with the
10 old guy first.

11 John Hooker, 32 years. I'm in
12 charge of distribution facilities and public
13 affairs.

14 MR. JIM WILLIAMS: I'm Jim Williams. I have
15 been with ComEd for three weeks now and I'm
16 responsible for contracts and project management.

17 MR. RON TALBOT: Good afternoon. My name is
18 Ron Talbot. I'm the distribution operations VP
19 for the City of Chicago, since early December.

20 Prior to that, I worked for
21 Consolidated Edison in New York for 15 years.

22 My most recent assignment there was

8

1 as general manager of Manhattan electric
2 operations.

3 MR. JOHN DONLEAVY: I'm John Donleavy,
4 regional operations vice president for the area

5 north in this state outside the City of Chicago.

6 I joined ComEd three weeks ago and
7 prior to that I have 20 years experience with
8 PAC&G in New Jersey.

9 MR. SEGNERI: Carl Segneri, regional
10 operations vice president for the southern half of
11 the service territory.

12 I've been with the company close to
13 20 years. Been in this position two months.

14 MR. DAN KOWALEWSKI: I'm Dan Kowalewski.
15 I'm the reliability reporting engineer, and I have
16 been with the company for 22 years.

17 MR. BOB MILLIES: I'm Bob Millies and I have
18 been with the company for 38 years, last 15 in our
19 fossil division, and I have been with the T&D
20 organization now for three weeks and am
21 responsible for tech services and supply
22 management.

9

1 MR. NICK DAVEY: Hi, my name is Nick Davey.
2 I'm the director of distribution dispatch. I have
3 been with the company since July '99.

4 Prior to that I have 15 years
5 experience with PECO Energy in Philadelphia,
6 Pennsylvania.

7 MR. MIKE ROWE: My name is Mike Rowe. I

8 have had 18 years with ComEd and primary
9 responsibility is project management.

10 MR. BRUCE RENWICK: I'm Bruce Renwick. I
11 have got 28 years with with ComEd.

12 Up until July I was with the fossil
13 organization. Now I'm the manager of
14 substations.

15 MR. FRANK LUEDTKE: I'm Frank Luedtke, I'm
16 responsible for distribution planning. I have got
17 about 17 years with ComEd. I have been at my
18 current position about six weeks.

19 MR. JOHN GOFF: I'm John Goff. I'm
20 responsible for vegetation management. I've been
21 with Commonwealth Edison since mid-October, only
22 three months.

10

1 Prior to that I was with PECO
2 Energy Company.

3 MR. CARL CROSKEY: Okay.

4 CHAIRMAN MATHIAS: Mr. Croskey, at the
5 conclusion of the meeting, could you give the
6 court reporter the correct spellings of these
7 individuals' names as well as their titles.

8 MR. CARL CROSKEY: Sure, thank you. Okay.

9 Now, if you don't mind flipping to
10 the report. I won't take you through it all, just
11 some selected pages.

12 We have got handouts for the
13 balance of the audience. I'm just going to take
14 you through some selected pages here, and I'll
15 keep backing -- going back and forth between the
16 Vantage report and our progress because I think
17 it's important that you understand the progress we
18 have made since September. We have been doing an
19 awful lot of work since then.

20 Accordingly, if you please flip
21 under the first tab, organization and management,
22 go over the Page 1-2 or 1.2, you'll see a chart

11

1 here, and this chart really describes three
2 workshops that we went through: One on October
3 5th; another on November 12th and 13th; and the
4 third one on December 3rd.

5 And what we did is this is where I
6 took my top 50 or so people along with several
7 consultants and we took a good look at how to move
8 forward with respect to management and
9 organization. And you'll see the key themes and
10 the attendees at each meeting.

11 More specifically, if you flip over
12 a page, 1.3, you'll see the first workshop which
13 was mobilization.

14 And as you may recall from our

15 September 15 report we identified 139 priority
16 items.

17 Those 139 items are summarized
18 there on the left-hand side of that flow chart.

19 There were 124 items with respect
20 to technical review and then there was another 15
21 items with respect to organizational management.

22 And obviously if you have 139

12

1 priorities, you don't have any.

2 So what I did with my senior
3 people, pulled them all together, gave them some
4 criteria, which you see in the middle of the page,
5 and that is give me a list of the top three to six
6 items that we can make meaningful progress in in
7 the next three to six months with respect to
8 increasing reliability of our customers and
9 customer satisfaction.

10 These changes have to be primarily
11 through work practice changes, don't wait two or
12 three years for a big computer system. That's not
13 going to do it. We need to get ready for next
14 summer.

15 And finally they have to address
16 key commitments we made to the ICC, the City, and
17 so forth.

18 From that, we took that 139 items,

19 put them into priorities and assembled 18 teams.
20 And the 18 critical processes were identified on
21 the right-hand side.
22 And here's where I'd like to tie

13

1 back the Vantage report, for example.
2 Starting at number one, system
3 planning, they identified four different issues
4 with respect to planning.
5 We already incorporated those and
6 are pursuing them.
7 If you go all the way down to the
8 bottom of the list, emergency preparedness, there
9 were several recommendations that came up which
10 frankly were good ideas, were very logical, those
11 have been in place and there's 11 recommendations
12 again out of 31 Vantage made that we already have
13 installed and operating.
14 As you see through the middle there
15 there was obviously a lot of concern about
16 maintenance.
17 We did prioritize maintenance. We
18 do have workdown curves and I'll briefly take you
19 through those. That's one of our items.
20 Configuration management came up
21 several times with the loading of our system.

22 That was identified.

14

1 So I guess I'd like at this time to
2 again repeat that the recommendations they made
3 were reasonable, but I'd also like all of you to
4 get a little more comfortable that we already
5 implemented several of these and many more.

6 If you'd now flip to the second
7 page.

8 So after we assembled the 18 teams,
9 we had some cross-functional teams on Page 1.4
10 now, and what we did is then put those teams out
11 to work.

12 They went throughout the
13 organization, prioritized their tasks and came
14 back again with a certain set of deliverables, a
15 detailed description of the issue, recommended
16 process changes, accountability matrix, which
17 we're missing, we now have an accountability
18 matrix, we made some organization changes, key
19 performance indicators, and then our initial
20 implementation thing -- thinking, are these
21 reasonable plans to get in place.

22 We then scored each other as well

15

1 as our consultants. We had third-party scores as
2 well as our own.

3 And the scorecard you'll see again
4 on the lower left-hand side, are those real
5 issues, were they identified clearly, did we go
6 through a good discovery process, what options did
7 we consider and what solutions set, and again, are
8 they implementable.

9 The scores you can see in the
10 middle of the page, we did score ourself on a
11 scale of zero to 7 or 1 to 7, which is shown on
12 the footnote at the bottom of the page, and
13 overall the group did about a 3.8 kind of job out
14 of 7.

15 There were three teams, system
16 planning, supply chain and emergency preparedness
17 who frankly did not do a very good job.

18 We had a makeup session for them
19 and about that time the three leaders of those
20 teams are no longer with us. They were not
21 getting us the results we needed so they moved
22 onto other areas. We now have new management in

16

1 those three spots. So that shows you we're taking
2 it serious.

3 If you look at the next page,
4 Page 1.5, we had the final workshop where the
5 deliverables came to the table.

6 Here again, how important was this
7 to the business, impact on customers, cost
8 benefit, organization impact, and, again, is this
9 thing implementable by next summer.

10 You'll see again the scores. On
11 average, the scores went from 3.8 to about 5 so we
12 made significant progress.

13 Again, the three lowest teams, they
14 brought -- they were brought up an average of
15 about 2 to about 5. They made dramatic
16 improvements with the proper leadership in place.

17 And, finally, we do have
18 implementation plans for all of these now.

19 And the final page I'll take you
20 through in this section is 1.6. This really shows
21 you the whole -- a fairly high level view of where
22 we're going with the calendar.

17

1 As you all know in August and --
2 August we had the problems. We reacted
3 immediately, pulled together the report that the

4 Chairman has in front of him which was filed on
5 September 15th.

6 We scanned, focused and then we
7 acted. We made immediate fixes on the problems we
8 found. We then put together the three workshops I
9 talked about which you see on the calendar on the
10 bottom. We did report in -- it says biweekly; it
11 should say bimonthly -- to both the Commission and
12 the City. And a series of other cities, I may
13 add, too. That again was October 18th, 3rd and
14 22nd. And then this report we're reading from was
15 filed on December 15th.

16 So we're implementing those
17 findings and now we're changing the organization
18 to make sure they stick and we're integrating
19 those work processes into our everyday lives.

20 If I can now take you back a few
21 sections -- so that's just the highlights of
22 organization and management.

18

1 If I can now take you back to the
2 executive summary which is right in front.

3 COMMISSIONER KRETSCHMER: If I could stop
4 you before you leave this section.

5 MR. CARL CROSKEY: Sure.

6 COMMISSIONER KRETSCHMER: I'm trying to

7 understand what it is you're telling us.

8 So far no work has been done;
9 you're just planning is what you're saying?

10 MR. CARL CROSKEY: No, I will get into that
11 if you just bear with me.

12 COMMISSIONER KRETSCHMER: Before you leave
13 here, you say that based on these workshops and
14 the answers you got, people were moved or
15 replaced?

16 MR. CARL CROSKEY: Right.

17 COMMISSIONER KRETSCHMER: Is that -- in
18 other words, it's not on what they have done; it's
19 what they're telling you they're going to do?

20 MR. CARL CROSKEY: No, a lot of the
21 accomplishments were done. Again, these were 30-,
22 60-, 90-day deliverables, and a lot of the

19

1 deliverables are in place.

2 For example, tracking systems on
3 maintenance are in place.

4 Maintenance workdown curves, and
5 I'll show you a few of those, maintenance is
6 getting done.

7 COMMISSIONER KRETSCHMER: You're saying that
8 these workshops reviewed the work had been done --
9 that had been done over the past 90 days?

10 MR. CARL CROSKEY: It did review that plus

11 it made sure that we had processes to ensure the
12 work doesn't slip.

13 A good example with system
14 planning. We reviewed our current method of
15 planning.

16 We then determined our planning
17 criteria was --

18 COMMISSIONER KRETSCHMER: For the future or
19 for the past?

20 MR. CARL CROSKEY: Both.

21 COMMISSIONER KRETSCHMER: You're confusing
22 me by mixing the time frames.

20

1 MR. CARL CROSKEY: Okay. Let's say in
2 October we got together. We said, okay, how do we
3 plan?

4 We took a look at it. For example,
5 historically we used a 93-degree temperature.

6 We sat down with our people and our
7 experts from again, ABB, GE, and EPRI, looked over
8 our criteria and found out that was not
9 sufficient.

10 We then changed our planning
11 criteria to 99 degrees Fahrenheit.

12 COMMISSIONER KRETSCHMER: So that was in
13 October?

14 MR. CARL CROSKEY: September and October,
15 right. Then --

16 COMMISSIONER KRETSCHMER: The November
17 workshop --

18 MR. CARL CROSKEY: Pardon me.

19 COMMISSIONER KRETSCHMER: The November
20 workshop, what did you do then?

21 MR. CARL CROSKEY: We took that criteria, we
22 then determined based on the new temperature what

21

1 system circuits and substations are overloaded.

2 We determined that. That's
3 history.

4 COMMISSIONER KRETSCHMER: Was directive work
5 done between October and November?

6 MR. CARL CROSKEY: Oh, yeah. Yeah.

7 COMMISSIONER KRETSCHMER: All right.

8 MR. CARL CROSKEY: We did a lot of design
9 work. We did a lot of engineering work. We
10 bought a lot of equipment. We continued to do
11 maintenance. We did not stop.

12 COMMISSIONER KRETSCHMER: Field work was
13 done.

14 MR. CARL CROSKEY: Field work is done.

15 COMMISSIONER KRETSCHMER: All right.

16 MR. CARL CROSKEY: I'll show you a
17 considerable amount of data on that.

18 These were all done in parallel,
19 not in series. We never slowed down. And we
20 still haven't.
21 COMMISSIONER KRETSCHMER: Okay.
22 CHAIRMAN MATHIAS: One clarifying question.

22

1 You indicated that you received
2 this report Monday night.
3 MR. CARL CROSKEY: Yes.
4 CHAIRMAN MATHIAS: The testimony yesterday
5 was that you received this draft report in mid
6 December and made comments on that report.
7 Did you not see that draft report.
8 MR. CARL CROSKEY: We saw a draft report
9 December 10th, early in December. It did have a
10 few of the sections missing that we got Monday and
11 there was a new section under findings which we
12 didn't see above nor did we see appendices either.
13 But frankly that's not a big deal
14 other than to say, you know, we did have a few
15 days to review the final report.
16 The final one our staff -- my staff
17 got Monday night. I read it Tuesday.
18 CHAIRMAN MATHIAS: But you did receive a
19 draft report which under the testimony yesterday
20 was that some modest changes had been made on a

21 factual basis as recommended by Edison.

22 Is that incorrect?

23

1 MR. CARL CROSKEY: All of our changes were
2 not made. I know that.

3 CHAIRMAN MATHIAS: That's what was stated
4 yesterday.

5 MR. CARL CROSKEY: Yes.

6 CHAIRMAN MATHIAS: But you did receive a
7 draft report in mid-December?

8 MR. CARL CROSKEY: Oh, yeah, yep.

9 CHAIRMAN MATHIAS: Thank you.

10 MR. CARL CROSKEY: Okay.

11 Now, if I can take you back a
12 section to the executive summary in the very front
13 and then go to the page behind ES-16. That's the
14 very last page in the executive summary.

15 The page behind ES-16 is a colored
16 page and this talks about maintenance here.

17 What we did is we showed -- we
18 tried to show everything on a high level and
19 you'll see a bunch of little electric meters.

20 And what we have is all the
21 maintenance practices, again, that we identified
22 and started and, again, I want to reinforce, we

24

1 never slowed down since we found these problems,
2 since August. And August and really September
3 when we filed the report.

4 These are the various work tasks we
5 have been working on. Vegetation management,
6 substations, protective relay and control,
7 overhead distribution system and underground
8 system.

9 And, of course, green is good. And
10 there's a lot of things you'll see that are
11 completed.

12 There's also a lot of things that
13 are above target and that's when the meters go to
14 the right. Then there's oh, a half a dozen or so
15 yellow areas which are areas of concern because
16 we're slipping on our schedule.

17 I personally am not concerned about
18 this. In the past we have had the same thing
19 where we have had red. Then we get concerned, we
20 put a lot more resources on it.

21 I'll kind of show you what a few of
22 these mean. But generally speaking, I'd give us a

25

1 A minus, B plus on this section. I think we're
2 making good progress. We're keeping to it. And I
3 don't expect us to hit every last target. If we
4 did, we were sandbagging, so I expect a lot of
5 stretch in these numbers.

6 So that gives you an overview and
7 then you can have a reference, you can see what's
8 completed, what's on target, what's behind.

9 Let me just take you through a few
10 samples.

11 For example, what do we mean by
12 yellow?

13 If I can now refer you to
14 Section 2, Section 2A.2, the next tab in the
15 book.

16 And that section you'll see -- and
17 there's a whole bunch of them in this section -- a
18 workdown curve. You'll see by week the number of
19 tasks we do.

20 This section happens to be
21 substation preventive maintenance.

22 Back in September, we identified we

26

1 had a backlog and a total current and past due of
2 about 20,000 items with respect to substations.

3 We have been working these down on
4 a week-by-week basis. Our target is the line, the
5 blue line on the graph, and our target, of course,
6 is to get them done by the first of March.

7 This graph, for example, I would
8 consider yellow. We're making the rate, we're
9 coming down, but we're not uner the blue line.
10 There's more stretch, we're going to put more
11 hours in here, we have got some third parties
12 coming in to help us out.

13 I think it's important to note just
14 about our entire staff has been working right
15 around 60 plus hours a week across the board since
16 we had the problems, and we have hired
17 contractors, we have people from Switzerland, we
18 have people from Germany working on some of the
19 enhancements. We're going around the globe to get
20 this thing fixed.

21 The maintenance itself, again, this
22 is an example of a yellow one. And there's a

27

1 series of curves in here.

2 Let me take you to a green one just
3 for comparison. Page 2B26. This is an example of
4 some of our overhead distribution inspections. We
5 find problems, we fix them immediately.

6 We have several programs in place.
7 This one says 1998 corrective maintenance. Past
8 practice has been find them in '98, fix them
9 in '99. We did that plus we advanced our '99
10 program but the bottom line here is we committed
11 to get these done by the end of the year. In
12 fact, we're well ahead of schedule here.

13 And the bars -- the colors on the
14 bar show you what areas, whether it's southern,
15 western, Chicago, of our service area, so of
16 course this is a good one. We're ahead of
17 schedule but, again, we didn't slow. Now we
18 accelerated the '99 program and now we're into the
19 2000 program. So this is an example of a green
20 one.

21 Let me show you another one that I
22 think you'll find interesting on Page 2.C.79.

28

1 There was a lot of discussion about
2 underground systems, cable and conduit, stressing
3 the system and so forth.

4 If you again refer to 2C79 you'll
5 see that in August, August 23rd or thereabouts, we
6 identified about 65 cable faults. Obviously those
7 are shorts on cables that were existing. And
8 you'll see that's at the far left-hand side of the
9 curve.

10 That means those segments of the
11 system were out of service. They were broke. And
12 therefore we had reduced capability, reduced
13 capacity.

14 I'm proud to report today we're all
15 caught up on those and we have been caught up for
16 several weeks now and it's going to stay that
17 way.

18 This will relieve the system
19 considerably for next summer. Again, these were
20 cable faults. We're always going to have some.

21 Over here we indicate we expect
22 probably on average five to ten, but certainly we

29

1 can't let it get to 70. And we allow ourselves
2 approximately ten days to get them fixed. And, in
3 fact, we're beating that target lately.

4 But this has a major implication to
5 reliability and flexibility next year. But,
6 again, we want to show you we did not slow down.

7 The next page I'd like to take you
8 to is a little bit on tree trimming.

9 If you now go to Exhibit E and
10 that's Page 4E2. This we have broke down slightly
11 different. But what we show you here, again,
12 starting in about September, this is when we had

13 had this program geared up, right around the first
14 of September, the first page you'll see, again,
15 4E2, is tree trimming, the number of feeders
16 required to trim versus time.

17 And, again, we show this as green
18 because you'll see we're below our workdown
19 curve.

20 This, again, is only the City of
21 Chicago. We had about 450 -- 475 circuits to trim
22 up. We're below 400 right now.

30

1 The balance of the system, let's
2 say the non-Chicago areas are shown on the next
3 page, and that is 4E3.

4 COMMISSIONER HARVIL: I have a question.

5 MR. CARL CROSKEY: Yes.

6 COMMISSIONER HARVIL: How do you develop the
7 workdown curve? What is the basis for
8 establishing that particular time frame?

9 MR. CARL CROSKEY: They were all developed
10 back in August and September. And, frankly, at
11 that time it was our judgment as how quick can we
12 get these done.

13 And we have, with the exception of
14 one curve, we have not changed the workdown
15 curves.

16 COMMISSIONER HARVIL: Are these industry

17 standards or was it just Commonwealth Edison's
18 judgment?

19 MR. CARL CROSKEY: It was our judgment. We
20 wanted to get done as quick as possible, certainly
21 before next June, but before that if possible.

22 COMMISSIONER HARVIL: I can make graphs look

31

1 really good if I draw the curve and establish the
2 benchmark for it.

3 I'm curious as to --

4 MR. CARL CROSKEY: Well, it was really based
5 on -- let me just give you a few numbers.

6 We overspent our budget by about a
7 hundred million dollars last year to catch up.

8 We have got all of our resources,
9 I'd say as a minimum working 60 hours a week.

10 We have got as many outside
11 contractors as we could find.

12 We have got, as I said, people from
13 around the world working on this, on designs,
14 equipment installations, so I do think we have a
15 reasonable amount of stretch in these. And if
16 there is more we could do, we will do it.

17 We did not make these comfortable
18 curves by no means. And we are not holding onto
19 any pursestrings here either. As we get one

20 program done, we move into the next one.

21 COMMISSIONER HARVIL: Since you brought that
22 subject up, one of the findings in the report was

32

1 that Edison's past maintenance practice was to do
2 the work until the budget was expended and don't
3 do any more work.

4 Do you still have budgets within
5 Commonwealth Edison that you're adhering to; have
6 those been canceled; is there any restraints on
7 spending; or how is the company functioning now
8 with regard to budgets?

9 MR. CARL CROSKEY: All of that happened
10 before my time so I can't obviously, you know, be
11 held accountable for that; but I can tell you my
12 boss, the chairman, as well as the board of
13 directors has authorized me to spend what it takes
14 to fix it. Spend it prudently but get it done,
15 get it done right.

16 And we do not have a policy now of
17 spending until the money goes out.

18 We will work until we get the work
19 done.

20 And the proof of the pudding is
21 reliability. I have got some graphs to show you
22 our progress on that.

1 COMMISSIONER HARVIL: Thanks.

2 MR. CARL CROSKEY: Okay. So that's really
3 it on tree trimming and maintenance.

4 And, again, at your leisure, if you
5 like to flip through these, and we have this on
6 CD-ROM, too, so if you'd like it on CD, we can
7 give you that.

8 But it does show workdown curves,
9 and, again, on a pretty much every other week
10 basis we share this with the City, the Commission
11 and we have meant -- to many other communities,
12 too.

13 If I can now move you a little bit
14 to Section 2 -- or excuse me, Section 3.50 --
15 Section 3C50.

16 COMMISSIONER KRETSCHMER: Section 3.

17 MR. CARL CROSKEY: Under system
18 optimization, the tab C50.

19 COMMISSIONER KRETSCHMER: Going backwards
20 now?

21 MR. CARL CROSKEY: Yeah.

22 There was a fair amount of

1 discussion on this I think at yesterday's
2 session. I guess I wanted to show you a glimpse
3 of the future and then take you back until today
4 and what we're going to have done by next June.

5 There was a fair amount of
6 discussion about our design of our system, our
7 radial design where we have sort of a spiderweb
8 design which you can see on the left-hand side of
9 this little chart.

10 You'll see obviously Jefferson and
11 Crosby are key stations. Everything originates
12 there.

13 It's the system we started with.
14 It's the system we have.

15 Where we want to take it is to a
16 loop system which is on the right-hand side.

17 It's going to cost many hundreds of
18 millions of dollars to get there and several
19 years.

20 Our target, and we have this laid
21 out year by year, is to finalize that work by the
22 year 2004, June.

35

1 And just to give you a little feel

2 for what's involved here, again, I want to -- I'd
3 like to flip you back to Page 3C41, about nine
4 pages back, so that shows you what the total
5 system will look like.

6 We're going from a spider design,
7 so to speak, to a loop design.

8 Now, in order to get there what we
9 have planned and we are pursuing right now by June
10 of next year, again, Section 3C41, left-hand side,
11 again, you'll see our existing system. The
12 right-hand side you'll see a couple new parts and
13 pieces.

14 One of them is our Diversey
15 Station. We also have a considerable amount of
16 reinforcement that we're doing on cables. And
17 we're beefing up and changing out transformers.

18 And that's -- if I can now take you
19 back, I think this will be the last time we go
20 back -- to Page B30, 3B30. What I'll do here is
21 just briefly paraphrase the next eight pages.

22 At Northwest Station which is a

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1 critical station as reported by Vantage and
2 obviously we need to add capacity there, we're
3 adding a new 75 MVA transformer and we're also --
4 and it's going to be a spare for Terminal 1 and

5 2. We're replacing a couple. Changing them out
6 to larger transformers.

7 We're adding a second transformer
8 for Finkl Steel. That was one of the problems we
9 had with surging last year. That will be done.
10 We're also expanding the 138 ring buss and we're
11 replacing and upgrading a lot of switch gear.

12 And that's a considerable amount of
13 more work at that station. We call this whole
14 section our six-pack design. It's six stations
15 downtown that need to be -- in the downtown area
16 that need to be beefed up.

17 The total cost of this package, by
18 the way, is about a hundred million dollars. So
19 that's what we're doing at Northwest.

20 If I can just flip you to the next
21 page, you'll see a little bar chart which shows
22 some milestones. We are tracking this. We have

37

1 detailed project plans. They're certainly
2 available for your inspection.

3 Again, this is a very, very
4 aggressive target. To get this work done, I'm
5 told it's normally about 18 months. We're going
6 to do it in six. We have got a lot of -- this is
7 where we have a lot of help from ABB and they're
8 using their worldwide resources to get it done.

9 If you go over to Page B32, a
10 couple down, you'll see Diversey Station.
11 Diversey is a brand new station. It's going to
12 help out the overloading at Crosby, Lakeview and
13 Northwest, which, again, were some of the problems
14 we had last summer.

15 This is a brand new station. It's
16 four 50 MVA transformers, again, from the ground
17 up.

18 I'd also like to compliment the
19 City for accelerating the program with respect to
20 permits. They have been very, very helpful to us,
21 streamlining operation to get this done and to get
22 these permits in place.

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1 There's also some other equipment
2 being put in. You can read at your leisure.

3 Again, a milestone chart showing
4 you what our accomplishments expect to be.

5 Lakeview Station on Page B34 is
6 another area. We're going to build in a lot more
7 flexibility here. Here we're putting a lot of
8 switch gear so when we do have and we will have
9 cable failures, transformer problems, we'll have a
10 lot more flexibility to move around them. We'll
11 also have all those cable faults repaired and

12 we'll keep it that way. And we'll have all this
13 new equipment and new flexibility in with respect
14 to Lakeview. Again, a milestone chart.

15 Page 36, Kingsbury and Ohio. We're
16 putting a 16 position 138 KV ring buss. And,
17 again, that's more equipment to get flexibility so
18 if we do have failures, we can work around them.

19 And, finally, in this section, Page
20 B38, we talk about Jefferson. There's -- and what
21 we're doing there is really modernizing the
22 equipment, so to speak. We're refurbishing a lot

39

1 of the 69 KV gear and a lot of the 12 and a half
2 KV breakers.

3 So in a nutshell, this package is
4 about a hundred million bucks. We're accelerating
5 the program and we will have it done. You're
6 welcome to monitor our progress on a daily,
7 weekly, or any basis you'd like.

8 COMMISSIONER HARVIL: How many substations
9 does Commonwealth Edison have?

10 MR. CARL CROSKEY: Approximately 800.

11 MR. CARL SEGNERI: 450.

12 MR. CARL CROSKEY: Altogether?

13 MR. CARL SEGNERI: I'm sorry, 750.

14 MR. CARL CROSKEY: About 750.

15 COMMISSIONER HARVIL: Are all of those

16 contained in this report as to what status of
17 those substations are, if any --

18 MR. CARL CROSKEY: You're ahead of the next
19 section.

20 COMMISSIONER HARVIL: Okay.

21 MR. CARL CROSKEY: If you can now flip back
22 to Page 3A4, what we did is we looked --

40

1 COMMISSIONER KRETSCHMER: What page?

2 MR. CARL CROSKEY: What we looked at with
3 our new design criteria, again, moving the
4 temperature, design temperature from 93 to 99
5 caused us to overload a lot of our system.

6 We then took a look at all of our
7 substations and we identified a total of 73
8 locations that had problems.

9 We took those locations as you can
10 see on this little graph here, fixed the worst
11 ones first and worked backwards.

12 For example, if you look at the
13 little bar chart, there's 73 stations. 27 of them
14 were overloaded by 110 percent or greater; 22
15 between 105 and 110; and finally 24 over a
16 hundred.

17 We do have plans to upgrade and
18 repair the majority of these.

19 COMMISSIONER HARVIL: Those are Commonwealth
20 Edison's ratings above the manufacturer's ratings,
21 correct?
22 MR. CARL CROSKEY: They were Commonwealth

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1 Edison's, EPRI's, ABB's and GE's.
2 This was really a --
3 COMMISSIONER HARVIL: Since you and your
4 team are relatively new to Edison, have you had an
5 opportunity to go back and review how Edison rated
6 cables in the past and whether or not that is
7 appropriate?
8 MR. CARL CROSKEY: I think we did, let's
9 say, generally and some stations, some cables were
10 in fact rerated.
11 And, again, a large amount of that
12 was done by our work in consultation with EPRI and
13 industry.
14 Because what you'll find and that's
15 why I wanted to qualify some of my opening
16 remarks, all the experts, no matter who they are,
17 will agree to disagree for various reasons.
18 And I think it's fair to say our
19 ratings are no more aggressive than other
20 utilities. That fair?
21 COMMISSIONER HARVIL: I think the difference
22 that I was trying to get to yesterday was I don't

1 think this Commission would question Edison's
2 judgment with regard to how they rate their cables
3 if the system was functioning properly and
4 adequately.

5 But it's not, so I think it is our
6 place to question whether or not that is
7 appropriate, the way you have rated those cables.

8 And the problem that I have in
9 particular wasn't that you rated them higher.

10 Once you did rate them higher, you
11 exceeded it on several occasions which caused a
12 lot of those failures.

13 That really gets to the heart of
14 the matter right there.

15 MR. CARL CROSKEY: We continue even to this
16 day to do considerable testing, again, with
17 industry experts as well as our own experts.

18 And we have found several times
19 that in some of our older cable that was in the
20 best condition as even compared to newer, so I
21 didn't want to take that age issue off.

22 We're doing as much nondestructive

1 testing and some destructive testing, I might add,
2 as possible to ensure that we have a reliable
3 system.

4 And I think it's important, too, to
5 say I have got a lot of confidence in our people,
6 especially our midlevel management. They're very
7 talented. I don't think in large area a lot of
8 the right ridership was here, but the technical
9 skills I'd put up against anybody. In fact, we
10 have done that through EPRI and found no major --
11 some, yeah, we had some that were higher; we had
12 some that were lower, okay.

13 So out of these 73 substations, I
14 think it's important to understand there's
15 obviously a lot of work being done in Chicago but
16 there's a lot of work being done in the balance of
17 the state, too.

18 If you look at 3A6, that's another
19 table I'd like you just to refer to for a minute.

20 There's a little table in the
21 middle of the page and it shows you we're
22 installing between now and June 971 megawatts of

1 capacity at a variety of stations.

2 Roughly 365 of that is in Chicago.

3 The other 600 plus megawatts is outside the
4 state -- I mean outside the city.

5 The new substations are, you know,
6 obviously Diversy, which we mentioned a couple
7 hundred megawatts and the changeout transformer
8 replacements at existing stations is 207. That's
9 all incremental capacity.

10 So if we're talking a 30 out, and
11 putting 40 in, we're only counting that as 10. So
12 that's incremental capacity.

13 Finally, of course, there's some
14 564 megawatts of additional capacity, additional
15 transformers.

16 The next page -- I'm getting close
17 to the end.

18 The next page at 3-7 or 3A7, we
19 show you -- and I want to make this very clear,
20 too, our progress and what we plan on doing over
21 the next six months.

22 That first line to the left should

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1 read 110 percent and greater in capacities.

2 As I mentioned earlier, there are
3 27 stations, 18 of them had changeouts or iron

4 solutions, as we call them, actual hardware
5 solutions.

6 Nine of them had load transferred
7 to other substations, and of course we verified,
8 we had that capacity available to share.

9 So those 27 will be fixed by June.

10 The next group between 105 and 109,
11 there's 22 of them. We have two hardware
12 changeouts, 16 where we're going to switch load
13 around and there's four that have enhanced
14 monitoring.

15 We're putting together emergency
16 preparedness plans if we approach, and we will
17 approach capacity on these, what we're going to
18 do.

19 We're also very actively out
20 there -- last year we got about a thousand
21 megawatts off the line through demand side
22 management. My marketing people are doing that

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1 again, buying power back from the grid for people
2 who run their own generation or stay off line.

3 And we did very well at that last
4 year and we're going to do more of that.

5 But you will see there's four areas
6 here that we don't have solutions for but we are

7 going to enhance our monitoring, and that means
8 technical monitoring skata systems (phonetic) and
9 so forth and well as people monitoring.

10 Those won't be -- they will be
11 repaired, additions and upgrades will be made but,
12 again, that's not until the summer after this.

13 Finally the group between 100 and
14 104, there's 24 of those. Three had changeouts,
15 nine load transfers, and, again, about half of
16 them, or 12, will have enhanced monitoring.

17 So I think we will enjoy
18 considerably better reliability this next year but
19 we will not have everything fixed by summer.

20 We'll have a lot of it fixed, and
21 I'll give you a feel on how we're doing on that,
22 too.

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1 Page 27 -- or excuse me, Section
2 4A3, I'll now talk about three or four more slides
3 on reliability and that's about it.

4 You'll see a table here -- and I
5 think this is really where the bottom line is.
6 How are we doing year over year.

7 You'll see a schedule here from
8 1/1/98 to 11/30/98, 11 months, that's just because
9 this report was done on December 15.

10 We will get the next one done

11 probably right after the first quarter of this
12 year.

13 But for the 11-month period so we
14 have apples and apples here, systemwide our
15 frequency was, as far as interruptions go, on
16 average for our customers is 2.11.

17 We now for the last year, last
18 12 -- 11 months got that down to 1.44 or about a
19 32 percent reduction.

20 Granted -- and I want to make this
21 clear too -- weather was on our side. We won't
22 take a lot of credit for that. We'll say we had a

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1 bad year because of weather in large part in '98.
2 In '99, weather was a lot better.

3 The balance -- the bottom of this
4 table shows you the same thing on length of
5 interruption in minutes.

6 We went down from 276 minutes on
7 average to 145. That's about a 47 percent
8 reduction.

9 That section we will take some
10 credit, my team and I, because we have changed
11 considerably the focus on restoration as opposed
12 to repair.

13 Prior months, let's say prior to

14 September, August and September, our focus was to
15 repair first.

16 We have put that aside and we're
17 now focused on restoring the customers whether
18 it's a temporary restoration, what have you. I
19 went on several outages myself. A lot of them we
20 reduced from six or seven hours down to an hour or
21 two. We'll put a temporary system in and then
22 we'll restore our customers later.

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1 I can show you, this again, is for
2 an 11-month period.

3 If you look at the next page, I'd
4 prefer to look at it this way, and this is really
5 a trend, on Page 4A4, in the left-hand side, this
6 is for our total system, right-hand side is for
7 the City of Chicago, I think the important line
8 here to me is the top line.

9 We went from, in December of 1998,
10 now this is a 12-month rolling average, we were at
11 about 2.2, thereabouts, again, in frequency of
12 interruptions.

13 We're, as of November of '99, the
14 first of December, we're down to 1.5. So we are
15 moving in the right direction.

16 I think there's a couple lines here
17 with and without storms. We talk about heat

18 storms, all this other stuff. Personally, I think
19 we push all that aside. What affects the customer
20 is an outage no matter what causes it. So we did
21 move down from about 2.1 to about 1.5.

22 We now look at the next page. We

50

1 did the same thing, 4A5, with duration. We had
2 about -- a duration of about a year ago of 275
3 minutes, thereabouts.

4 We're, as you can see, there's a
5 very sharp downtick from October, November. We're
6 down to about 143 minutes. And, again, that's
7 where myself and my team will take some credit for
8 getting customers restored quicker.

9 That, again, we could make
10 immediate changes in our focus. The frequency
11 will get down and I think we have turned the
12 corner and we're going down now, and I'll show you
13 some progress there.

14 If I can now flip you over to
15 Page 4A12.

16 On 4A12 we show a side by side.
17 Now this is frequency of interruptions on a
18 monthly basis because, again, there's a lot of
19 impact here, weather, and, of course, we don't
20 want to take credit for all the good weather or

21 bad weather.

22 But if you look at '98 versus

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1 '99 -- '98 in yellow, '99 in blue, and look at it
2 side by side, month by month, you'll see the
3 frequency of interruption went from about
4 one-tenth and then it dipped -- I'm staring at
5 the blue ones now -- it dipped down to
6 about .5, .6.

7 It went up in April, May, June,
8 and, of course, in July and August the wheels came
9 off and we had all kinds of problems; but then in
10 September, we got after it, and from September
11 through November -- again this data was filed in
12 December -- we have kept it down considerably.

13 And, again, if you recall, March
14 of '98, we had tremendous ice storms. That's why
15 we had a big peak. We also had some bad
16 windstorms in November of '98.

17 So if you start getting the noise
18 out of it, I think you see we are considerably
19 lower frequency of outage.

20 And I just happen to have this
21 morning the data for December. And December is in
22 the same spot. You can just continue that blue

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1 line.

2 Now, again, this is only for the
3 City of Chicago.

4 Now, let me take you to the next
5 page. If you look at the next page here you see
6 the same thing on duration. Again, here's where I
7 think we get some credit.

8 The duration was very long in March
9 of '98, in August and in November. Little ice on
10 one side and wind on the other. But, again, we
11 will look at the duration in minutes and you see
12 the same creek.

13 In June, July and August we had
14 approached 400 minutes. But now September,
15 October, November, and December is even lower
16 yet. So as soon as we focused on a problem, we
17 made a substantial improvement.

18 I just happen to have hot off the
19 press, about an hour before I got here, data for
20 the entire system.

21 Again, these are the two indices
22 and they're hot off the press, about an hour old.

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1 You'll see the same information.
2 We changed the colors, but purple and green, and
3 in 1998, you'll see, again, this is a total system
4 now, which really is what your interest is, of
5 course. And, again, the green lines you'll see in
6 September, they went down; October, down further;
7 November and December are really about -- oh, I
8 think that's .7 or so per month.

9 CHAIRMAN MATHIAS: Mr. Croskey, could I
10 correct you.

11 I'm interested in the total
12 system. But if my power is going out, I don't
13 care what the total system is. So these measures
14 are helpful as an overall gross measure, but until
15 we see discrete cell measurement, it really is not
16 very helpful.

17 MR. CARL CROSKEY: Okay. Okay.

18 COMMISSIONER HARVIL: Could you elaborate a
19 little bit on your Y axis, what exactly frequency
20 of interruptions is and how that's measured?

21 MR. CARL CROSKEY: It's basically on --
22 typically you see this on an annual basis. And

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1 the numbers I'm familiar with probably vary
2 between, oh, one and a half and two and a half,

3 and that's on average for our 3.4 million
4 customers, how many outages would you receive per
5 year.

6 And we have and we are in the
7 process of coming up with measures. Unfortunately
8 none exist for the industry.

9 We're working with EPRI. We're
10 also working with the ICC staff for the other
11 utilities in the state. We have been working on
12 this for, frankly, several months now, two to
13 three months, to try to come up with some
14 standards, performance standards, that are
15 meaningful.

16 The one thing I'll tell you about
17 ComEd is we measure every darn interruption,
18 whether it's a gutter that falls off and hits a
19 wire, we'll record that; whether it's a tree limb;
20 whether it's a scheduled outage.

21 A lot of companies don't measure
22 scheduled outages.

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1 We measure dig-ins, third-party
2 dig-ins. Obviously we measure lockouts. And it
3 varies throughout industry.

4 COMMISSIONER HURLEY: Is this a recent
5 phenomenon, Mr. Croskey?

6 MR. CARL CROSKY: A lot of people report
7 their frequency and duration but they don't
8 include all outages.

9 We happen to report every darn
10 outage. And so I think we're probably more
11 conservative on our measurement.

12 We did this both -- and we're
13 working, like I said, with the ICC now and EPRI.
14 I want to look at other major metropolitan areas
15 and I also want to look at the state and where we
16 all sit but let's make sure we're all apples and
17 apples.

18 I know specifically some utilities
19 that only measure lockouts. So if there's an
20 outage because of scheduling maintenance, if
21 there's an outage from a third-party, they won't
22 measure it. And there's just no industry

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1 standard.

2 We are looking at other states,
3 other commissions. I think a lot of people want
4 standards and we want to get one done and we want
5 to get it done, if possible, this month or early
6 next month and present some options to you guys.

7 This is really where the rubber
8 hits the road, on performance.

9 What I might just add here, too, on

10 the duration, which, again, is the next graph
11 systemwide we have, on average, been well below a
12 hundred minutes consistently since September, so I
13 do think we turned around.

14 I do think we have evidence of that
15 and I do appreciate your comment. It does mean
16 specifically for all customers.

17 And with that, I think that's the
18 balance of the handouts and as I just tried to
19 summarize, I think we did accomplish much in the
20 last three to four months.

21 The Vantage recommendations were
22 fine. I mean, if you would like, we can give to

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1 you in writing a detailed line-by-line where we
2 disagree and so forth but the recommendations, as
3 I mentioned, we already incorporated a lot of
4 those for the last several months.

5 And I really hope to continue our
6 dialogue about reliability on a regular basis.

7 CHAIRMAN MATHIAS: Questions of Mr. Croskey.

8 Commissioner Kretschmer.

9 COMMISSIONER KRETSCHMER: I just have one
10 question.

11 Yesterday we heard from the
12 consultant that we had hired. He discussed your

13 system. The fact that it is an aging system.

14 You're not alone. He also mentioned San

15 Francisco, New York.

16 He also had mentioned the

17 configuration.

18 And he seemed to indicate that we

19 could not expect, at least in his judgment, to

20 have tremendous improvement in the possibility of

21 outages this summer because much of the work you

22 had to do was beyond some of the minor things, at

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1 least in his judgment they are.

2 So I ask you just for a very
3 straight answer, do you anticipate having a better
4 summer than last year; maybe half as many outages;
5 maybe 25 percent as many?

6 What are your expectations?

7 I think to be fair warned is
8 something that all your customers would
9 appreciate.

10 MR. CARL CROSKEY: Right. I think we will
11 be doing considerably better.

12 I think you will not see any major
13 outages like we had last year.

14 We prioritized the areas that were
15 in the worst shape as far as undercapacity.

16 We're spending the money and the

17 resources to get those repaired and fixed.
18 I do think we already saw a
19 turnaround over the last three or four months.
20 Our focus, our incentive,
21 everything else is based on reliability.
22 And I think you'll see marked

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1 improvements.
2 I'm really hard-pressed to give you
3 a number.
4 I'd like to say you'll see
5 substantial order of magnitude, 50 percent
6 reductions in duration, because those are within
7 our control and I think we can make considerable
8 progress just by aligning our work force and
9 getting all of our people aligned to get out
10 there, get it repaired fast and safely.
11 With respect to frequency, we are
12 prioritizing and we have, our worst performing
13 circuits, so the customers that experience six,
14 seven, eight, ten interruptions, I expect those to
15 go down considerably because we're targeting the
16 worst performing circuits.
17 I'm really -- I'm just hard-pressed
18 to tell you an exact number.
19 I mean, we will continue to monitor

20 it and I think it's important the trend goes in
21 the right direction. We're trying to leverage the
22 biggest opportunities we have.

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1 A good example is tree trimming.
2 Between limbs falling down and trees overgrowing,
3 that's our number one outage cause. And we have
4 got a full press -- we have got 1200 people
5 trimming trees throughout the state. And we will
6 have those done by June and that will be a
7 tremendous accomplishment there, so I -- we're
8 doing a lot, we're spending a lot, nothing is --
9 nothing is being held back. I'm just hard-pressed
10 to give you a number.

11 I think it will be considerably
12 better. That much I could say.

13 COMMISSIONER KRETSCHMER: You do know that
14 last summer the mayors throughout the entire
15 service territory were very concerned because they
16 didn't have the kind of advanced contact that they
17 had hoped they would have.

18 In other words, if you can
19 anticipate that there's going to be an outage or
20 shortage, I know some of this you can't
21 anticipate, but what have you done to install sort
22 of an early warning system, specifically in

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1 Chicago with the highrises and with seniors and
2 hospitals and so on and so forth so the City can
3 plan better?

4 MR. CARL CROSKEY: We have been working hand
5 in hand really with Bill Abolt (phonetic) and his
6 team. He's probably obviously the best one to
7 talk to. But I think we now have ironed out a
8 very clear communication system with them.

9 We notify them on any single
10 contingencies. They gave us locations of -- I'll
11 say it's several hundred, if not more locations
12 where they want to know. Mostly the seniors
13 homes, the highrises, the critical areas.

14 Every time we're on the last
15 contingency, which means we're on our last line,
16 so to speak, we notify them.

17 And that -- my judgment is that is
18 going very smoothly and I think we're all on the
19 same page now.

20 We plan on doing that. We have
21 done a large extent some of the other communities.

22 I have been at Elmhurst myself. I

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1 have been at several locations -- our worst
2 performing locations, let me put it that way.

3 COMMISSIONER KRETSCHMER: I'd feel much more
4 comfortable if we hadn't been notified yesterday
5 of an outage at one of the hospitals on the
6 northwest side, in the suburbs.

7 So I'd feel more comfortable with
8 what you're saying if I don't keep reading about
9 outages between now and June and July.

10 MR. CARL CROSKEY: Well, we will continue to
11 have outages. I mean --

12 COMMISSIONER KRETSCHMER: On a large scale
13 though.

14 MR. CARL CROSKEY: Yeah, right.

15 Large scale, you'll see
16 considerable reductions there. I don't expect
17 anything like we saw last year in the major
18 populated areas.

19 As I showed, a lot of it was, you
20 know, we always did maintenance and I'd probably
21 grade us a C or a D on maintenance. Today I'd
22 give us a A minus a B plus.

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1 When you do have older plant, it

2 takes more maintenance and, frankly, some of the
3 older plant, transformers and other hardware are
4 probably better when they're older because in the
5 old days engineers didn't have as many tools to
6 optimize and you had a little more fat in the
7 design, where today, we got all these youngsters
8 with computers that really streamline them.

9 COMMISSIONER KRETSCHMER: Thank you.

10 CHAIRMAN MATHIAS: Commissioner Kolhauser.

11 COMMISSIONER KOLHAUSER: I don't have a
12 question.

13 CHAIRMAN MATHIAS: Commissioner Harvil.

14 COMMISSIONER HARVIL: Mr. Chairman, I have
15 more than the two questions that I told you I was
16 going to have, but they were spurred on by
17 Mr. Croskey's comments so I'll try to be brief.

18 Start with the general question.

19 The Vantage report that was
20 delivered to you in December and the final copy
21 that was delivered to you this week, you said
22 Edison would be willing to respond to those

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1 particular findings in writing.

2 As president of the Commonwealth
3 Edison distribution group, is that your title?

4 MR. CARL CROSKEY: Yes.

5 COMMISSIONER HARVIL: You're a senior
6 officer of the company?

7 MR. CARL CROSKEY: Yes.

8 COMMISSIONER HARVIL: Would you be willing
9 to commit in writing to this Commission that the
10 findings contained in this particular report will
11 be implemented by Commonwealth Edison?

12 MR. CARL CROSKEY: The recommendations will
13 be.

14 You know, a lot of the findings,
15 again, they talked a lot about ratings of cable,
16 things like that.

17 Our experts, EPRI's experts,
18 Vantage's experts all agree to disagree.

19 But the recommendations, the 31
20 recommendations, I don't think there's a problem
21 with those at all.

22 You know, exact -- all the details

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1 of the findings I'd probably have to reserve to my
2 experts for that.

3 I really -- I mean, just -- I don't
4 think there's anything wrong with what they did.
5 I think it's legitimate that a lot of these
6 experts just disagree. I think it's a sound piece
7 of work that they did and it is all history, after
8 all. It's an audit. And I think we can learn

9 from it and we have learned from it.

10 But I can certainly commit, if
11 that's your request, to writing of implementing
12 the recommendations. I have no problem in that.

13 COMMISSIONER HARVIL: Let's talk about your
14 cables for a second.

15 You discussed in some length the
16 fact that Edison still has cables or transformers
17 that are in an overload situation and you're
18 attempting to repair those.

19 We asked Mr. Drabinski yesterday
20 what the effect of years in some cases of
21 overloading these cables and transformers would
22 have on the life of that particular piece of

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1 equipment.

2 How would you respond to that?

3 MR. CARL CROSKEY: I guess I'd ask for some
4 help from my expert, Carl Segneri.

5 MR. CARL SEGNERI: Name is Carl Segneri.

6 I think -- if I understand the
7 question, is the condition of the cables and are
8 we concerned that the age and the loading on the
9 cables has made them unreliable or taken life out
10 of them? Is that the question?

11 COMMISSIONER HARVIL: To a certain extent.

12 I think the question is
13 Commonwealth Edison has identified these cables
14 that have been in an overloaded situation in the
15 past.

16 There are other things that have
17 been done to these cables. We saw examples of
18 firehoses being sprayed on transformers to cool
19 them down. Obviously that has an effect on the
20 life.

21 Has that gone into your evaluation
22 of the equipment that needs to be replaced -- if

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1 something has a 30-year life and you spray it with
2 water and it's been overloaded for the past three
3 summers, obviously that's going to have an
4 effect.

5 MR. CARL SEGNERI: The loading on the cables
6 and on the substations has had a significant
7 bearing on the ABB study and the new planning
8 study that Carl talked about.

9 The -- I think the significant
10 distinction is we can -- as Carl said, the
11 engineers can argue whether a cable is 490 or 350
12 amps. We can do that forever.

13 But the significant change -- and I
14 think I'll get to the answer to your question --
15 the significant change is that we have changed the

16 overall rating criteria so that we have added more
17 capacity, more cables in an area, so even though
18 we can't replace the 8,000 miles of underground
19 cable overnight, if you add more redundancy and
20 more flexibility in the system, you can withstand
21 the cable failures that we'll likely have.

22 So the answer to that is we have

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1 taken that into consideration. That's why we're
2 spending the hundred million in that area to add
3 more capacity so now you have flexibility.

4 If you had some cable failures that
5 started a scenario like last year, you have got
6 more capacity in the area so you don't have the
7 negative consequences.

8 COMMISSIONER HARVIL: Mr. Croskey, one of
9 the areas that the report touched on was the
10 attitude of some of the Commonwealth Edison
11 employees saying that this was just another public
12 thrashing to endure, this is business as usual.

13 Those interviews were conducted
14 after you began at Commonwealth Edison. And on
15 some of the media reports that I saw last night
16 and that I read this morning the response that I
17 saw you give was, well, those people are gone.

18 MR. CARL CROSKEY: That's correct. There's

19 no less than a dozen people gone. And I know
20 three specific individuals, that was one of -- in
21 addition to performance, one was an attitude, and
22 we cannot have people that don't have a sense of

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1 urgency about this. It's unacceptable.

2 COMMISSIONER HARVIL: So those 60 interviews
3 that were conducted for the Vantage report, how
4 many of those people are still at Commonwealth
5 Edison?

6 MR. CARL CROSKEY: Of the 60?

7 COMMISSIONER HARVIL: Yes.

8 MR. CARL CROSKEY: I'd say in the 40s.

9 COMMISSIONER HARVIL: Okay.

10 MR. CARL CROSKEY: You know, I think -- but
11 let me be clear on this. My understanding is
12 there were two or three individuals that had that
13 problem, and I can assure you the three
14 individuals that I'm thinking of are no longer
15 here which had the worst attitude and were the
16 senior people.

17 I don't think Vantage said that 60
18 people had that attitude.

19 COMMISSIONER HARVIL: No, they didn't. I'm
20 just saying 60 interviews were conducted. Some of
21 those interviews that attitude was prevalent
22 within those interviews and I'm curious, if all 60

1 people are still there, then obviously --

2 MR. CARL CROSKEY: Oh, yeah. There's
3 probably 45 to 50. I mean, I personally let about
4 a dozen go or thereabouts and a big part of it was
5 the attitude and the leadership skills weren't
6 appropriate for what we need to accomplish.

7 COMMISSIONER HARVIL: One final question and
8 this is probably the most difficult for you to
9 answer.

10 We're coming into another summer,
11 which I'm assuming is going to be just as hot as
12 the last summer, just as warm as the summer before
13 that.

14 And I can vividly remember
15 Mr. McCoy sitting at a table in front of us last
16 year in March and April saying we have got
17 everything under control.

18 I'm hearing that from you again
19 here today.

20 We have all the cameras here. We
21 have the general public. What would you say to
22 them come June, July, August, when we have power

1 failures, if we have power failures in the
2 magnitude that we saw last summer?

3 And as a commissioner, how am I
4 supposed to respond to that when I have citizens
5 calling me complaining, what's going on, why
6 aren't you doing your job, or when I have a mayor
7 from the suburbs calling up, going I can't get
8 through to Commonwealth Edison, why aren't you
9 doing your job?

10 How do we respond to that?

11 MR. CARL CROSKEY: Personally if that
12 happens, I can -- you can rest assured I won't be
13 here.

14 I mean, I think I put my livelihood
15 on the line when I came here and I knew it.
16 Personally I enjoy it. I think it's a challenge.
17 I think we're making considerable improvements and
18 you're already seeing those results.

19 I have the full support of the
20 chairman and the board of directors behind me.

21 So I can tell you my -- certainly
22 my livelihood is on the line to make this work and

1 it's certainly meaningful to me and I think a lot
2 of other individuals, which I brought in, share
3 the same sense of urgency that I do.

4 COMMISSIONER HARVIL: But if you have 50
5 percent less outages than you had less summer, if
6 it affects somebody who had an outage last year
7 for a period of two or three days, they aren't
8 going to care whether or not you reduced your
9 outages by 50 percent. All they know is their
10 power is not on and evidently somebody isn't doing
11 their job.

12 And as I sit here today, I don't
13 know how to respond to this report, I don't know
14 how to respond to what you're telling me, because
15 if we get into the summer again and we have
16 similar problems as to what we had last summer, I
17 don't know what I'm going to do. I don't know
18 what I can do. And the last thing I want to do is
19 hear another apology from Commonwealth Edison
20 saying we're sorry.

21 MR. CARL CROSKEY: I don't expect to
22 apologize. I think we have done enough of that.

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1 What we need to do is perform and
2 what we're -- what I'd like to see us do moving
3 forward is monitor our progress on an ongoing

4 basis. I understand you have a job to do and I
5 respect that and we did have to learn from our
6 mistakes.

7 I would like to keep all my staff
8 focused on what's going on between now and June,
9 not keep going back to history.

10 I think we could accomplish a lot
11 and I do think we're providing all the data to you
12 and, frankly, anybody else that wants to come in.

13 The City, they have got Harza,
14 we're working with them. They're doing a fine
15 job, making recommendations to us. Some of them
16 we're taking on; others we're debating. But I
17 think we'll take all the help we can get.

18 It started with the system, my job
19 is clearly to fix it and get it reliable and
20 that's what I intend to do.

21 And I have got my livelihood on the
22 line, number one. Number two, I think everything

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1 is very public. There's no secrets here. We'll
2 show all the data. We plan on doing -- in this
3 report the City asked to us do a ward-by-ward
4 summary and we did.

5 Charlie Fisher asked us to do
6 something similar for all the other communities
7 and we're doing that. So we will report on a

8 regular basis.

9 I have been to several cities
10 myself, giving them update, last year versus this
11 year, what's changed, what are you doing. And for
12 the most part I can tell you it was very pleasant
13 going to Elmhurst without standing on a stage with
14 all the cameras watching me.

15 We had the complete board there and
16 they gave us nothing but positive comments. And
17 that happened three or four times. That's a much
18 better feeling.

19 COMMISSIONER HARVIL: My parents were very
20 innovative when I was growing up. When I did
21 something wrong, I got to choose my own
22 punishment.

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1 What happens this summer if
2 Commonwealth Edison doesn't perform to the level
3 that is satisfactory?

4 MR. CARL CROSKEY: Oh, I think well before
5 summer you'll have performance indicators that
6 have financial consequences which is things I know
7 the Chairman and others have asked for.

8 And we plan on proposing them and
9 I'm sure you'll have some monetary means
10 certainly.

11 COMMISSIONER HARVIL: Thank you,
12 Mr. Chairman.

13 Thank you, Mr. Croskey.

14 CHAIRMAN MATHIAS: Commissioner Hurley.

15 COMMISSIONER HURLEY: Yes.

16 Mr. Croskey, I hope your head does
17 not roll next summer because that won't be a good
18 answer to the problem.

19 MR. CARL CROSKEY: Me, too.

20 COMMISSIONER HURLEY: Given the existing
21 program that you have and that you have been
22 developing since August of last year, and these

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1 vast improvements, what kind of realistic time
2 frame have you put on this to get to, say, 95 to
3 100 percent completion?

4 MR. CARL CROSKEY: I think realistically
5 we're looking at two summers.

6 We're going to be well prepared for
7 this summer. The following summer or prior to the
8 following summer we'll have the balance of the
9 repairs done as far as the capacity increases.

10 The repairs, the maintenance, we
11 have that on track and that is here to stay. We
12 can always improve it and I'm sure we'll continue
13 to do that.

14 My big concern is the capacity

15 enhancements. We bought out complete factories of
16 transformer capacities and obviously this is not
17 only a problem here in northern Illinois. It's
18 all over the country.

19 I just got a report delivered to me
20 which I didn't have a chance to look at from the
21 Department of Energy saying there's similar
22 problems all over the country.

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1 So a lot of the electric companies
2 are running to the same suppliers that we have and
3 there is a -- I'll call it a temporary shortage on
4 materials, and also on labor and work force.

5 We're doing what we can to get as
6 much done as possible. And, like I said, there's
7 no -- there's no limit from my boss or our board.
8 They said spend it prudently but get it done.

9 There's only so much we can do
10 between now and June.

11 Even though our capital budget for
12 this year is expected to be a little over 500
13 million bucks, we're spending that at a run rate
14 monthly of a billion dollars a month because
15 obviously we have got six months to do it in, so
16 we have a tremendous effort going forward.

17 But even with all that money and

18 all that effort and all those man hours, there's
19 only so much we can get done.
20 So I think we'll be in very good
21 shape as far as major outages and you'll see
22 remarkably lower durations this summer.

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1 But really until we get it where it
2 needs to be, it will probably be another year, 18
3 months from today.

4 COMMISSIONER HURLEY: So what you're telling
5 the Commission today is that the Edison Company
6 needs two years to bring the T&D system up to
7 snuff to where you want it to be as you have told
8 us thus far?

9 MR. CARL CROSKEY: That's right. 18 months
10 to two years because really -- you really only
11 have the -- until June to get it right.

12 COMMISSIONER HURLEY: You sort of launched
13 into my next question with your answer.

14 You talked earlier today about
15 overbudgeting. You were throwing around numbers,
16 hundreds of thousands of dollars, millions --

17 MR. CARL CROSKEY: About a hundred million
18 bucks last year, '99.

19 COMMISSIONER HURLEY: -- over budget.

20 The program I have heard various

21 and sundry numbers.

22 How is this bill and this future

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1 bill for T&D, for transmission and distribution,
2 infrastructure improvements going to be paid for?

3 MR. CARL CROSKEY: Well, in large part,
4 let's say the capacity enhancements, we're just
5 late on putting them in so there really should be
6 no impact on the customers.

7 With respect of -- to all the O&M,
8 since the rates are frozen, it's a cost to the
9 shareholders. And with respect to --

10 COMMISSIONER HURLEY: So these expenses, the
11 overbudgeting the new expenses to bring the T&D up
12 to will be borne by the company or the
13 ratepayer -- or the shareholder, let's say, as
14 opposed to the ratepayer?

15 MR. CARL CROSKEY: Again, the expense items
16 certainly will be because the rates are frozen.
17 The capital items I would expect, because we're
18 just catching up on capacity, depending on what
19 happens in the future, those are, you know,
20 obviously depreciable plant items.

21 COMMISSIONER HURLEY: Thank you,
22 Mr. Chairman. That's all.

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1 CHAIRMAN MATHIAS: Commissioner Kretschmer.

2 COMMISSIONER KRETSCHMER: Well, I'm not
3 going to ask a question. I'm just going to give
4 you a glimmer of hope.

5 I've always been a perfectionist,
6 but there's always a squirrel out there waiting to
7 bite into a line, and as I also get reports on
8 outages on telecommunication companies, I will
9 tell you I can deal without my telephone easier
10 than I can do without electricity.

11 However, their outages are not
12 perfect either. So it's not perfection that I'm
13 looking for. It's striving towards perfection and
14 just doing the best you can for this summer and I
15 think we're through today.

16 MR. CARL CROSKEY: Thank you.

17 CHAIRMAN MATHIAS: Commissioner Kolhauser.

18 COMMISSIONER KOLHAUSER: No questions.

19 CHAIRMAN MATHIAS: Commissioner Harvil.

20 COMMISSIONER HARVIL: None at this time.

21 CHAIRMAN MATHIAS: Commissioner Hurley.

22 COMMISSIONER HURLEY: No, thank you.

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1 CHAIRMAN MATHIAS: I have a few questions.

2 Let me back up for just a minute.

3 You indicated that you joined the

4 company on October 16, 1999?

5 MR. CARL CROSKEY: No, August 16.

6 CHAIRMAN MATHIAS: Excuse me. August 16.

7 MR. CARL CROSKEY: Three weeks early.

8 CHAIRMAN MATHIAS: In a press release which
9 is dated September 15th, the Commonwealth Edison
10 Company trumpeted the completion of this
11 transmission and distribution investigation
12 report.

13 On Page 2 of the report it reads,
14 in the fourth -- beginning of the fourth
15 paragraph, Mr. Helwig, who was responsible for
16 overseeing this investigation, said that his
17 investigation found many problems but few
18 surprises.

19 Mr. Helwig is not here to answer my
20 question. But let me ask you, Mr. Croskey, since
21 you were here and in the offices of Commonwealth
22 Edison for a month, would you say that there were

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1 many problems but few surprises as a result of
2 this investigation report?

3 MR. CARL CROSKEY: I guess I'm not sure what
4 context he was thinking at the time.

5 I mean, we did find -- maybe I can
6 give you an example.

7 Obviously we had an ongoing
8 maintenance program. It certainly wasn't
9 sufficient. So maybe that's what he had in mind.

10 CHAIRMAN MATHIAS: Let me give you this
11 press release and you can see the context.

12 MR. CARL CROSKEY: Okay.

13 From the context, you know, few of
14 the things he said here were the system problems
15 are serious but not critical.

16 I think if you take that into
17 consideration, it probably means that there are a
18 lot of problems but they're not -- they're
19 solvable and maybe the lack of surprise means
20 there was maintenance done but not up to snuff.

21 That's probably the best I could
22 tell you.

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1 CHAIRMAN MATHIAS: Were you surprised by the
2 reports and the conclusions that were reached in
3 the September 15th, 1999 investigation report?

4 MR. CARL CROSKEY: I didn't have much
5 background to compare to but I guess in my other

6 25 years or so utility experience, I was surprised
7 by, let's say, the lack of accountability is
8 probably my biggest surprise by the senior people.

9 CHAIRMAN MATHIAS: Were you surprised that
10 200 alarms were taken out of service and no one
11 seemed to know about it?

12 MR. CARL CROSKEY: Well, put that --

13 CHAIRMAN MATHIAS: Is that common practice?

14 MR. CARL CROSKEY: No, not at all.

15 CHAIRMAN MATHIAS: In your experience, and I
16 assume you have been in the electric utility
17 business for many years, is that a common
18 practice?

19 MR. CARL CROSKEY: No, it's not.

20 CHAIRMAN MATHIAS: Would you say that would
21 be a surprise?

22 MR. CARL CROSKEY: Well, I think -- well,

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1 let me give you a bigger surprise.

2 There were 27,000 maintenance tasks
3 that were deferred inappropriately.

4 CHAIRMAN MATHIAS: So that was a surprise?

5 MR. CARL CROSKEY: Yes. I think it's fair
6 to say that's a surprise.

7 CHAIRMAN MATHIAS: I was shocked at that
8 statement, to say that a report which is very
9 voluminous, and I compliment Commonwealth Edison

10 for completing, to find -- to have the findings
11 which were contained in that investigation report
12 and say that there were problems but no
13 surprises.

14 MR. CARL CROSKEY: I think and --

15 CHAIRMAN MATHIAS: -- raises concerns. If
16 there was not a surprise, that means that someone
17 knew. And I would think that management must have
18 known if there were no surprises.

19 But your statement is that you were
20 surprised?

21 MR. CARL CROSKEY: I was surprised, yes, by
22 the lack of, again, lack of accountability, the

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1 lack of deterioration of maintenance and things
2 like that, yes.

3 CHAIRMAN MATHIAS: In the Vantage report it
4 indicates that the LaSalle substation improvements
5 were begun in 1991, and they had not been
6 completed, although Commonwealth Edison thought
7 they had been completed as of 1999.

8 Let me read from Page 21 of the
9 report pertaining to the LaSalle substation
10 project.

11 It reads at the last paragraph on
12 the page: This LaSalle Street project was begun

13 around 1999 -- excuse me, was begun around 1991
14 and was intending to add four additional
15 transformers and switching flexibility, yet by
16 August of 1999 only one transformer, TR-71, was
17 available for service.

18 Moreover, even the availability of
19 transformer TR-71 proved to be an erroneous
20 assumption.

21 What assurances do we have that the
22 projects that you have indicated would be

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1 completed in either a two-year -- I also heard
2 2004, which would be a five-year program will be
3 completed within the time frame which you
4 suggest?

5 MR. CARL CROSKEY: Well, certainly as I
6 mentioned, you can and your staff obviously can
7 continue to monitor activity.

8 We are providing bimonthly reports
9 as well as quarterly reports on progress and I --
10 undoubtedly some things will slip. The world is
11 not perfect. But we will tell you soon in advance
12 and why.

13 Our plans are firm here to do these
14 enhancements. We do and will keep in mind that
15 some of the designs are dynamic. There could be
16 better ways, more efficient ways, load could move

17 around, load could grow faster than we anticipate;
18 but I think given the reporting relationships we
19 have and the monitoring, you'll certainly know all
20 the time on a real-time basis what we're doing and
21 what we're up to.

22 CHAIRMAN MATHIAS: What assurances do we

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1 have that these projects that you have outlined
2 will be completed within the time period which you
3 state?

4 I'm not interested in your telling
5 us when you're behind. I want to know what
6 assurances we have that these projects which you
7 have outlined will be completed on time.

8 MR. CARL CROSKEY: Well, you have my
9 guarantee as an officer of the company and the
10 support as I mentioned from not only our chairman
11 but our board.

12 CHAIRMAN MATHIAS: What are those time
13 frames? I heard earlier at the beginning of your
14 discussion that these improvements were to be
15 completed by 2004 and response to Commissioner
16 Hurley's question, you indicated two summers or
17 two years.

18 What is it?

19 MR. CARL CROSKEY: I think it's ongoing

20 really forever. I mean, I think in order for us
21 to really get out of the woods, it's going to take
22 two summers until we get to what I'll call second

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1 quartile performance.

2 In order to get the first quartile
3 and keep moving we're going to need more time and
4 we're going to continue to enhance the system.

5 A lot of it depends on the growth.
6 And the growth that we have experienced has been a
7 lot stronger. As you know, last summer we
8 anticipated about a 19,000 megawatt load and we
9 actually experienced about 22,400.

10 So we're putting in facilities now
11 that but for our change in design we wouldn't have
12 needed until 2005, so. . .

13 CHAIRMAN MATHIAS: Your opening paragraph
14 mentioned the year 2004.

15 What was that deadline for?

16 MR. CARL CROSKEY: Pardon me, I didn't --

17 CHAIRMAN MATHIAS: What is that
18 significant --

19 MR. CARL CROSKEY: That was really -- in
20 order to get the system, let's say the six major
21 substations downtown from a net -- from a spider
22 radial design to a loop design, we plan on getting

1 that done over a four- or five-year period.

2 CHAIRMAN MATHIAS: And the two-year project,
3 are these 18 months period or two year?

4 MR. CARL CROSKEY: It's really 18 months.
5 It's prior to the next summer, the summer after
6 next.

7 That two-year time frame really
8 includes all the enhancements to the substations,
9 you know, but for the downtown area and all the
10 reinforcements we need in other areas.

11 CHAIRMAN MATHIAS: In today's Chicago
12 Tribune you're quoted in a story by Peter Kendall
13 and the quote which is in the Chicago Tribune
14 states:

15 We generally agree -- we generally
16 agree with all of the recommendations, said
17 Mr. Croskey. There's nothing new here.

18 Is that an accurate quote?

19 MR. CARL CROSKEY: Yes.

20 CHAIRMAN MATHIAS: Would you outline for me
21 where in any one of these transmission and
22 distribution investigative reports or the report

1 to the City of Chicago, the reports of September
2 15th or December 15th, there's any mention of
3 overloading of cables, and would you cite me the
4 page and paragraph.

5 MR. CARL CROSKEY: Well, the one
6 paragraph -- I mean one page I went to showed us
7 all the faults we had downtown or -- well,
8 throughout the system. And as a result of that a
9 lot of cable was out of service. And therefore
10 some systems apparently were overloaded.

11 CHAIRMAN MATHIAS: Would you please read the
12 question back to Mr. Croskey.

13 (Whereupon, the record was
14 read as requested.)

15 MR. CARL CROSKEY: Off the top of my head, I
16 can't think of a page and paragraph.

17 CHAIRMAN MATHIAS: So there's nothing in the
18 report concerning cable overloads?

19 MR. CARL CROSKEY: I wouldn't agree with
20 that because, first of all, I'm not sure we agree
21 with the statement that the systems were
22 overloaded.

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1 I guess I'd have to defer to some

2 of my experts on that one.

3 CHAIRMAN MATHIAS: Well, I know we're in a
4 time commitment here, but I would like you to
5 refer to Page 7 and Page 9 of the Vantage report
6 which specifically deals with cable overloadings
7 over substantial periods of times.

8 And I find nothing in the reports
9 which you have put forward that would cover this
10 concern and I'm very interested in whether you
11 agree with that or disagree with that, but I do
12 believe there's something there.

13 Would you also indicate where in
14 your report of December 15th or September 15th
15 there's any reference to concern about employee
16 attitudes.

17 Is there any such report,
18 paragraph?

19 MR. CARL CROSKEY: I'll have to get back
20 with you on that one, but there was a whole
21 section in the September report on personnel and
22 their attitudes and their lack of accountability.

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1 And I think it generally would fall in that area.

2 CHAIRMAN MATHIAS: I'd appreciate it if you
3 could recite that to me.

4 MR. CARL CROSKEY: Okay.

5 CHAIRMAN MATHIAS: Is there any mention in
6 the investigative reports of the eight incidents
7 or any definitive analysis of the eight incidents
8 which were included in the Vantage report?

9 MR. CARL CROSKEY: I think we referenced
10 them several locations. Again --

11 CHAIRMAN MATHIAS: Was there a definitive
12 analysis of the eight failures which occurred and
13 were the subject of the Vantage report?

14 MR. CARL CROSKEY: No, there wasn't.

15 CHAIRMAN MATHIAS: Is there any mention in
16 any of your investigative reports concerning
17 problems with capacitors?

18 MR. CARL CROSKEY: I'm not sure -- I did
19 read that in the Vantage report. Again, I'm not
20 sure our people, our experts would agree with that
21 or disagree.

22 CHAIRMAN MATHIAS: The pro forma which has

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1 been filed with the FCC concerning the PECO/ComEd
2 proposed merger indicates that you'll have \$4
3 billion on hand cash at the close of that
4 transaction. That's the pro forma balance sheet.

5 Is there any indication or any
6 consideration given to reducing the amount of cash
7 on hand at the time of closing in order to address
8 some of the distribution problems which

9 Commonwealth Edison has experienced?

10 MR. CARL CROSKEY: I really couldn't answer
11 that question. You'd have to talk to one of our
12 financial people.

13 But what I could say is we spent an
14 excess of \$800 million in 1999 which is well over
15 a hundred million dollars more than we
16 anticipated, and we did commit to and have plans
17 to invest about a billion and a half dollars over
18 the next couple years for system enhancements.

19 And that, we have said, we'll
20 repeat again, we actually have made those
21 expenditures.

22 With respect to what that means

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1 later, again, you'd have to talk to one of our
2 financial experts.

3 CHAIRMAN MATHIAS: Yesterday the
4 representative from Vantage indicated that there
5 had been 200 alarms which had been taken out of
6 service and he had asked for that report of the
7 specific locations.

8 Has that report been found and
9 provided to the Vantage consultants?

10 MR. KOWALEWSKI: The answer to that is no,
11 that actually came out of an interview with one of

12 our employees as far as indicating that there were
13 200 alarms, and we're actually checking a database
14 to check to see if there actually were.

15 That employee is no longer with the
16 company.

17 MR. CARL CROSKEY: My understanding of that
18 event was it was an off-the-cuff comment, there's
19 probably a couple hundred like this.

20 Again, that was -- that's to the
21 best of my knowledge.

22 CHAIRMAN MATHIAS: There were a couple of

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1 hundred like this. Could you explain that?

2 MR. CARL CROSKEY: Well, I think he was
3 asked a question by one of the Vantage auditors,
4 does this situation like he found at Jefferson
5 exist elsewhere?

6 And I think his comment was, and
7 again, this was what I was told, there's probably
8 a couple hundred like that.

9 I'm not sure a document exists.
10 That might have been his judgment.

11 CHAIRMAN MATHIAS: As you know Commonwealth
12 Edison is under directive from the Illinois
13 Commerce Commission to daily report outages.

14 Commonwealth Edison is the only
15 utility in the State of Illinois which is under

16 that directive.

17 I have here a listing of the
18 outages for December and I understand that in the
19 normal course of business it's not unusual to have
20 outages. But on a number of these reports the
21 cause of the outage is undetermined at least as of
22 the date of the report, which again, I understand

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1 is a common occurrence.

2 I would like to, at the conclusion
3 of this meeting, give you this over 30-page report
4 for the month of December and ask that you provide
5 to the Commission the reason for the outages, for
6 those outages which are noted in here as being the
7 cause unknown.

8 MR. CARL CROSKEY: Okay. What I would like
9 to comment on that, too. We have had -- I know in
10 1998 for the year, we probably had 25 to 30
11 percent of our outages unknown.

12 And I'd like to report to you now,
13 the last time I saw that number, it was 7 or 8
14 percent. And there always will be some unknowns.

15 Obviously a lot of times people
16 say, well, they think it's a squirrel but they
17 can't find the squirrel. So it goes down as
18 unknown.

19 So there always will be some but I
20 will certainly try to respond here to your
21 request.

22 CHAIRMAN MATHIAS: Just in conclusion to my

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1 question, I would like to welcome all of the
2 gentlemen who have introduced themselves here
3 today, welcome you to Illinois.

4 I'm encouraged by the actions which
5 Commonwealth Edison has taken to date.

6 Unfortunately I have been in this
7 position for 18 months. I have gone through two
8 summers. I don't want to go through next summer
9 as I did in 1999 or 1998. It's not the
10 Commission's responsibility to provide reliable
11 power and transmission and distribution services.
12 Gentlemen, that's your responsibility.

13 And I applaud the efforts
14 Commonwealth Edison has made to bring in a new
15 team, I wish you well. But we want to know that
16 we will have results and not just reports.

17 Also, I will provide to you at the
18 conclusion of this meeting a letter which I will
19 ask that you respond to. The letter asks
20 specifically which of the recommendations, the 31
21 recommendations which are contained in the Vantage
22 report you agree with.

1 If you disagree with any of those
2 recommendations, if you have alternatives to those
3 recommendations, and for those recommendations
4 which you agreed, when they will be implemented.

5 Also ask for a complete listing of
6 the performance standards which you use internally
7 to judge your performance.

8 I'm always interested to talk about
9 O&M and capital improvements, but the end result
10 is what type of power is going to be provided to
11 the customer and it also asks a key question, and
12 that is what are Commonwealth Edison's internal
13 performance standards; and, secondly, do your
14 customers agree with those performance standards.

15 I will provide that letter to you
16 at the conclusion of the meeting.

17 Are there final questions, further
18 questions of Commonwealth Edison?

19 MR. JOHN HOOKER: Here's a list of the names
20 for the reporter.

21 CHAIRMAN MATHIAS: Thank you.

22 And again, gentlemen, welcome to

1 Illinois. We wish you the best. You have a role
2 to play and so do we.

3 Thank you.

4 (Which were all the
5 proceedings had at this time.)
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